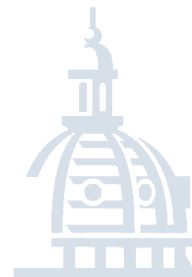


Fiscal Note

Fiscal Services Division



HF 259 – Compulsory Education (LSB1343HV.1)

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Fiscal Note Version – New

Description

House File 259 increases the age for compulsory school attendance from 16 to 17 years beginning with the 2010-2011 school year. The Bill also makes related technical changes for dual enrollment and for children exempt from the compulsory attendance requirements. School districts are required to convene a working group during the 2009-2010 school year to review the support needed by the students impacted by the legislation. The Bill also requires the Department of Education to convene a work group of education stakeholders during the 2010-2011 school year to review the support needed by students affected by this change and requires the group to submit a report to the State Board of Education and General Assembly by January 15, 2010. The Bill mandates that any costs incurred to school districts as a result of this Bill be paid with State school aid dollars received by the school districts.

Assumptions

- Home-schooled students will continue to have a compulsory attendance age of 16 years.
- The Department of Education has indicated the costs involved for the work group will be absorbed within available resources.
- The Bill has an effective date of July 1, 2010, for the mandatory attendance change. The additional students will attend beginning with the 2010-2011 school year. These students will be counted in October 2010 and be included in the FY 2012 budget enrollment for School Foundation funding.
- The age of dropouts reported is as of September 15, for the 2005-2006, 2006-2007, and 2007-2008 school years. These three school years were used to calculate the averages provided for the assumptions.
- School districts may apply to the School Budget Review Committee (SBRC) for on-time funding for the additional students in FY 2011 that would be funded through property taxes. It is not known how many school districts will have a sufficient number of students remaining in school to cause a school district to seek on-time funding.
- The State cost per pupil based on the 4.0% allowable growth rate for FY 2010 is \$5,768. The allowable growth rates for FY 2011 and FY 2012 have not been set at the time of publication of this fiscal note.
- State Categorical Supplements will be funded on a per pupil basis through the school aid formula beginning in FY 2010. Per pupil funding for the teacher salary supplement, the professional development supplement, and the early intervention supplement will be impacted by any increase in enrollment due to this Bill.
- For the school years reviewed, there was an average total of 3,810 dropouts. As of September 15 of the years reviewed, the average number of dropout students age 16 was 557 and the average dropout students age 17 was 1,137. Future years will have similar

numbers of affected students and the fiscal estimate is based on the number of seventeen-year-old dropouts.

- For the school years reviewed, the Statewide average of students with Individual Education Plans (IEPs) reported as dropouts was approximately 18.2%. For this estimate it is assumed that 18.2% of the dropouts will have an IEP and receive a special education weighting of 0.72.
- Approximately 25.0% of the students affected by the compulsory attendance age change will comply with the requirement.
- The average number of dropout students age 15 or less was 100. There will be a similar number of dropout students under the current mandatory age of 16 in future years.
- A high school graduate will pay (in current year dollars) an estimated \$8,600 more in taxes than a high school dropout over a 45-year work life. Using the average cost per affected student, each student that attends one additional year and graduates will return approximately \$2,080 more in taxes than will be paid for the additional year of schooling. Each student that stays an additional two years and graduates will cost approximately \$4,450 more in School Foundation Aid than will be returned in taxes paid. No estimate is available for how many of the students that remain in school will actually graduate.
- Increasing the age for compulsory school attendance may create issues for truancy with the potential for mediation, civil penalties, and court involvement. Information is not available at this time to estimate that impact.

Fiscal Impact

The Bill would increase General Fund expenditures and local property taxes to fund the additional students. The following table provides the estimated fiscal impact to Regular School aid, the State Categorical Supplements, the State General Fund, and local property taxes. The Bill would increase General Fund expenditures for school aid, and local property taxes. Information presented includes estimates at various allowable growth rates for FY 2011 and FY 2012. The estimated increase in enrollment will impact State school aid beginning in FY 2012.

Estimated FY 2012 Fiscal Impact of HF 259 (Dollars in Millions)					
FY 2011 Allowable Growth Rate	FY 2012 Allowable Growth Rate	Regular State School Aid Impact	State Categorical Supplement Impact	Impact on the State General Fund*	Local Property Tax Impact
0.0%	0.0%	\$ 2.4	\$ 0.3	\$ -2.7	\$ 0.3
2.0%	2.0%	2.5	0.3	-2.8	0.4
4.0%	4.0%	2.6	0.3	-3.0	0.4

*Totals may not sum due to rounding.

Sources

Department of Education
High School Dropouts, *LSA Issue Review*, November 2004
LSA Calculations

/s/ Holly M. Lyons

February 17, 2009

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56](#), Code of Iowa. Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
